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PROVIDER BULLETIN

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THIS ISSUE

Vocational Provider Performance Measurement System Enhancements

TO:

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Purpose

This bulletin explains some enhancements Labor and Industries' recently made to the vocational rehabilitation provider performance measurement system. These enhancements affect how the performance rating is calculated on State Fund claims in all locations. This bulletin does not pertain to self-insured claims.

Since its inception, the department has continued to study and improve the Vocational Provider Performance Measurement System. The following sections reflect changes to the Complexity-Adjusted Cost Outcome (CACO) formula from what was published in PB 01-04.

Specifically, the performance measurement system was enhanced by:

- Including only vocational referrals made after June 1, 2001 in calculating the performance measurement rating,
- Aggregating the referral CACO scores to the vocational branch level,
- Changing how the standard error of the mean (SEM) is calculated for the performance measurement rating,
- Changing the outcome divisors in the CACO formula, and
- Updating the duration conversion factor.

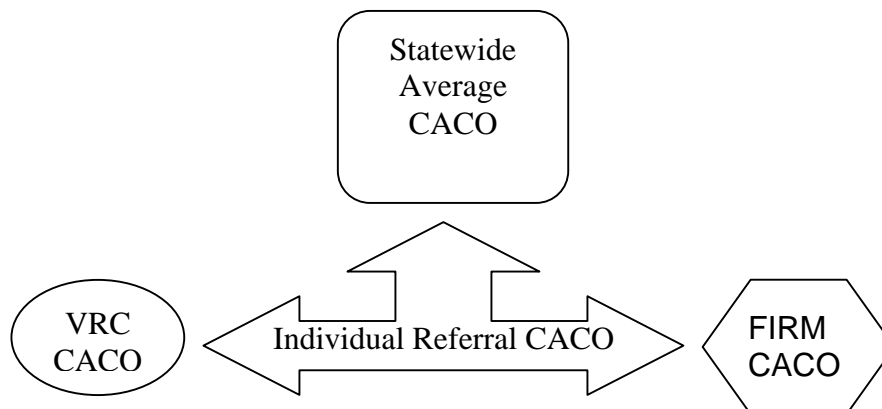
Additionally, the RCRP screen in LINIIS is modified to show job modification, pre-job accommodation, and work evaluation costs.

Why are we including only vocational referrals made after June 1, 2001 in calculating the performance measurement rating?

Many vocational purchasing changes were implemented on June 1, 2001. While the department's data on vocational services did not yet reflect these changes, the department was statutorily obligated to measure vocational provider performance. As a result, the department used both pre- and post-June 1, 2001 data in calculating the performance rating. The vocational referral data set is now large enough that the data for referrals made before June 1, 2001 are no longer needed in calculating the performance rating.

Beginning with the April 2003 performance measurement report, the department includes only vocational referrals made after June 1, 2001 to calculate the performance rating, regardless of when the vocational referral is closed.

These referrals are also used to determine the CACO score for all vocational branches with whom the VRC is associated. See the diagram below.



The department calculates the CACO on a statewide basis. This means that, because VRCs may work in multiple locations around the state, aggregating represents all of their work as a single score.

Implementation of aggregation changes how the standard error of the mean (SEM) is calculated. The department now utilizes statewide values to determine the SEM. Again, this is due to the fact that providers may work in multiple service locations.

The SEM formula listed in Appendix B of Provider Bulletin 01-04 is updated and is shown below.

$$\frac{(\text{Provider CACO} - \text{Statewide Average CACO})}{\frac{\text{Statewide Standard Deviation}}{\sqrt{\text{Total Provider Completions}}}} \times \sqrt{\frac{\text{Statewide Completions} - \text{Provider Completions}}{(\text{Statewide Completions} - 1)}}$$

Why is the department weighting outcomes differently? What are the new weights for the outcomes in the CACO formula?

The CACO formula is changing to reflect the importance the department places on injured workers returning to work and the need to resolve vocational issues in a claim.

The outcome divisors in the CACO formula will change with the publication of the next performance measurement report (see “When will these enhancements be implemented?” later in this Bulletin). The new outcome divisors are shown below:

Vocational Outcome	Old Divisor	New Divisor
Return to Work (RTW)	1.5	3.0
Other Resolution Outcomes (ATW), (SAS), (SNA), (PLN)	1.0	2.0
Administrative Outcomes (ADM)	1.0	No Change
Fee Cap	0.75	No Change

For referrals that hit the fee cap and have either a RTW or other resolution outcome, the outcome divisor will change to 2.25 (RTW) or 1.5 (other resolution outcomes) respectively.

Examples of this change at the vocational referral level:

Referral Type	Vocational Costs	Duration ¹	Outcome	Previous CACO	New CACO
EI	\$1000	70 Days	RTW1	2.16	1.08
EI	\$900	60 Days	ADM1	2.80	2.80
PI	\$4000	150 Days	ATW8	3.06	1.53
PI	\$3800	130 Days	ADM1	2.75	2.75

What is the updated duration conversion factor in the CACO formula?

The duration conversion factor has not been kept current since the department started vocational performance measurement in 1998. However, because the department wants the CACO formula to accurately reflect total system costs, the conversion factor is being adjusted to \$49.00 (current average daily time-loss rate). The conversion factor will be adjusted annually. This adjustment will be done in conjunction with the change in the Cost-Of-Living Allowance (COLA).

When will these enhancements be implemented?

To incorporate these changes, the publication of the 4th Quarter 2003 Vocational Provider Performance Report is delayed until mid-November 2003. The 1st Quarter 2004 Vocational Provider Performance Report will be published as scheduled.

How can vocational providers and claim managers know what has been spent on job modifications, pre-job accommodations, and work evaluations?

Starting in late 4th Quarter 2003, the RCRP screen in LINIIS will show the costs spent on job modifications, pre-job accommodations, and work evaluations for the claim.

Where can you obtain more information on vocational provider performance measurement?

The department's internet website <http://www.lni.wa.gov/hsa/voc/default.htm> offers information and forms for the department's vocational rehabilitation policies.

- This information includes:
 - WAC 296-19A
 - *Vocational Provider Performance Measurement Report*
 - Provider Bulletins and Updates

¹ A conversion factor of \$49.00 was used in these examples.